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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

COUNTRY Poland

SUBJECT Changes In The Cooperative Retail Trade System
(Opportunity For Private Initiative)

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2. "The general tendency toward nationalization (under direct state-manage-
ment or, indirectly, through the intermediary of the state-controlled
cooperative system) is continuing. As heretofore, state, municipal and
so-called cooperative organizations are active in the retail market.
Furthermore, a new cooperative organization has grown up in the last two
years [1952-53]. It is operated by disabled war-veterans and organized
in one net of small retail shops dealing in state-monopolized articles
(Spoldzielnia Jnwolidow).
3. "The new trend is expressing itself in a cooperative net known in Poland
under the name of Zwiazek Spoldzielni Gminnych (Union of Community
Cooperatives). This union, which is organized under the central manage-
ment of CRS (Centralna Rada Spoldzielcza)--the Central Cooperative
Council-- consists of three level organization:
 - a. In the country area--where the managing board not
only controls the activities of the lower levels but also organizes
and operates some productive enterprises, e.g. canneries for vegeta-
bles and fruit, breweries, dairies, slaughter-houses with meat repro-
cessing facilities.
 - b. In the district areas--where the main task of the manage-
ment is to organize district-warehouses and distribution points for the
lower levels. The district-management usually operate some large
retail-shops of department store character-but only in large towns.
The district management used to have at its disposal a motor-pool with
a number of trucks.
 - c. On the community level--where retail-trading is the
main task of the organization.

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4. "Though there is a new trend in Poland to supply more consumer goods and to improve the distribution system, such distribution is not always profitable under a nationalized system. In small places, where only limited retail outlets exist, the installation of nationalized bureaucratic retail points was too costly. To meet the new orders, the CRS-- the main managing body--received permission to organize in the very small settlements so-called PSD (Podstawowy Sklep Detaliczny). This type of shop is granted credits for goods, customarily up to the value of 10,000 zlotys. Then they receive reasonable selling-premiums for most of the merchandise and rather high premiums for some special goods. PSD shopholders are recruited from the ranks of former small provincial shop-owners whose trade licenses had been withdrawn during the first nationalizations drive. Most of these people still have their shops along with adequate equipment. The new trend offers them the chance to utilize both. Most of these new shops are food shops, which also sell some household articles. They are also trading in the distribution of coke and wood, which in Poland is to some extent still rationed.
5. "PSD owners are receiving the following commissions:
 - a. on food -- 5%
 - b. on clothing and textiles -- 8 - 12%
 - c. on household articles -- up to 10%
 - d. on coke and wood -- 10%
6. "The first experiments with PSDs showed such good results that it is now the tendency to organize this type of shop in even the smallest settlements. As their original income was rather limited, the candidates for PSD shops were granted as encouragement, the right to act as collection points for eggs within the obligatory system. In this way the rentability for these shops was doubled. The average turnover runs to approximately 15,000 zlotys per month, yielding for the manager of a PSD shop at least 1,000 zlotys in monthly income. Compared with other monthly incomes in Poland these days, that must be considered as rather high.
7. The PSD shops have thus formed a gap within the strictly nationalized trade system in Poland. But there is, on the other hand, no sign of the repetition of this innovation on higher levels of the nationalized trade system.
8. "As stated before, detail trade in the larger settlements or communities is reserved for cooperative shops. Those shops are under the control of the Gminna Spoldzielnia (Community Cooperative), which is a kind of association for all inhabitants of a community. The community cooperatives have some functions above the general retail system. Apart from their shops (arranged by various branches of trade), the community cooperatives also run community restaurants. All private provincial restaurants were nationalized. They also control a number of PSD shops and operate some production enterprises, e.g. local bakeries or butcher shops. The community cooperative also acts as a purchasing agency:
 - a. In many localities it deals with the purchase of quota corn on behalf of the Central State Corn Enterprise.
 - b. On behalf of the Central Management of the Leather Board in Lodz, it purchases untanned leather.
 - c. On behalf of brush factories, which are mainly concentrated around Warsaw and in Silesia, it purchases bristles.
 - d. On behalf of various branches of industry it buys all sorts of useable scrap: old paper, rags, broken glass, etc.

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e. On behalf of the Central Trading Board, it purchases meat, fruit and vegetables.

f. Eggs that are bought by the PSD-shops or by the community cooperative itself are collected and sent to the Central Dairy Board.

9. "In some communities the meat quotas are also collected by the community cooperative. For all these activities, with the exception of meat, the community cooperative receives 5% as a commission; for meat the commission is 3%.
10. "Until the beginning of 1953 the activities of the community cooperatives were even wider. They controlled the so-called GOM (Gminny Osrodek Maszynowy)--the community lending-stations for agricultural machinery. These centers are now under the control of the Pom net--the state-managed system of agricultural machinery lending stations. In addition, all flour mills were under the community cooperatives. In 1953 a separate organization was formed for these mills. It is connected with the Central State Corn Enterprise.
11. "As demonstrated by the changes the responsibilities of the community cooperatives, the cooperative trade system in Poland is going through permanent reorganizations. A main reason for this situation is the parallel existence of various cooperative nets. For example, almost as expansive as the CRS-net is the traditional Spolem organization that existed already before World War II. The reason a new net was established under the Communist regime was that the Spolem, before World War II, was under the influence of, what is now called, right-wing socialists. The influence of these elements still exist within Spolem. It explains why the organization is not as supported as CRS, although Bierut himself was once an employee of Spolem. As Spolem has less official backing than CRS, it specializes in organizing production enterprises. Apart from some factories which Spolem owned before World War II, it now holds a number of factories taken over from private hands during the nationalization drive. These include candy and chocolate factories. Spolem now also operates a number of household article plants, small plants for cosmetic products, brushes etc. Spolem also manages hotels and restaurants in small towns.
12. "Hotels and restaurants are the only kind so-called 'services' that are operated by the general cooperative systems. Other 'services', such as tailoring, hairdressing and shoe-repairing, are now organized in specialized branches controlled by the Ministry for Handicraft.
13. "[] the following are main reasons why the cooperative system does not operate profitably:

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a. Too frequent changes in the staff. As a rule managers are changed every year, even on the lowest level of the GRS organization.

b. The non-systematic and often unseasonable supply of goods to the retail shops.

c. The excessive formalities and red tape, which bind even the lowest level personnel. There are no exemptions from such red tape. The smallest shop must fill the same never-ending forms as the largest department store with trained personnel.

In consequence, there are many deficits on the selling end. The middleman function for other organizations, with its commission, has been introduced to cover such deficits".

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